

AMENDED IN ASSEMBLY APRIL 14, 2009

CALIFORNIA LEGISLATURE—2009—10 REGULAR SESSION

ASSEMBLY BILL

No. 812

Introduced by Assembly Member De La Torre

February 26, 2009

An act to ~~amend Section 923 of~~ *add Section 1378.1 to the Health and Safety Code, and to add Section 10113.11 to the Insurance Code, relating to insurance health care coverage.*

LEGISLATIVE COUNSEL'S DIGEST

AB 812, as amended, De La Torre. ~~Insurance: reports from insurers. Health care coverage: medical loss ratio.~~

Existing law, the Knox-Keene Health Care Service Plan Act of 1975, provides for the licensure and regulation of health care service plans by the Department of Managed Health Care and makes a willful violation of the act a crime. Under existing law, a health care service plan is prohibited from expending for administrative costs, as defined, an excessive amount of the payments it receives for providing health care services to its subscribers and enrollees. Existing law also provides for the regulation of health insurers by the Department of Insurance. Under existing law, the Insurance Commissioner is required to withdraw approval of an individual or mass-marketed policy of disability insurance if the commissioner finds that the benefits provided under the policy are unreasonable in relation to the premium charged, as specified.

This bill would require a health care service plan or health insurer to annually report to the Director of Managed Health Care or the Insurance Commissioner the medical loss ratio of each health care service plan product or health insurance policy form issued, amended,

or renewed by the plan or insurer in California. The bill would require the director or commissioner to make the information reported available to the public.

Because a willful violation of the bill’s requirements with respect to health care service plans would be a crime, the bill would impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Existing law generally requires insurers to annually and quarterly file reports and statements with the commissioner relating to the insurer’s financial status. Under existing law, the filings are to be made using statement blanks adopted by the National Association of Insurance Commissioners, unless the commissioner chooses to modify the statement blanks or the number or method of filing reports, as specified.

This bill would require the commissioner to modify the statement blanks and the number and method of filing reports, as specified.

Vote: majority. Appropriation: no. Fiscal committee: yes.
 State-mandated local program: ~~no~~-yes.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 1378.1 is added to the Health and Safety
- 2 Code, to read:
- 3 1378.1. Commencing January 1, 2010, a health care service
- 4 plan shall annually report to the director the medical loss ratio of
- 5 each health care service plan product issued, amended, or renewed
- 6 by the plan in California. The director shall make the information
- 7 reported pursuant to this section available to the public.
- 8 SEC. 2. Section 10113.11 is added to the Insurance Code, to
- 9 read:
- 10 10113.11. Commencing January 1, 2010, a health insurer shall
- 11 annually report to the commissioner the medical loss ratio of each
- 12 health insurance policy form issued, amended, or renewed by the
- 13 insurer in California. The commissioner shall make the information
- 14 reported pursuant to this section available to the public.

1 *SEC. 3. No reimbursement is required by this act pursuant to*
2 *Section 6 of Article XIII B of the California Constitution because*
3 *the only costs that may be incurred by a local agency or school*
4 *district will be incurred because this act creates a new crime or*
5 *infraction, eliminates a crime or infraction, or changes the penalty*
6 *for a crime or infraction, within the meaning of Section 17556 of*
7 *the Government Code, or changes the definition of a crime within*
8 *the meaning of Section 6 of Article XIII B of the California*
9 *Constitution.*

10 ~~SECTION 1. Section 923 of the Insurance Code is amended~~
11 ~~to read:~~

12 ~~923. The commissioner shall require every insurer which is~~
13 ~~required to file an annual or quarterly statement to use the statement~~
14 ~~blanks and instructions thereto for the appropriate year adopted~~
15 ~~by the National Association of Insurance Commissioners. The~~
16 ~~statements shall be completed in conformity with the Accounting~~
17 ~~Practices and Procedures Manual adopted by the National~~
18 ~~Association of Insurance Commissioners, to the extent that the~~
19 ~~practices and procedures contained in the manual do not conflict~~
20 ~~with any other provision of this code. The commissioner shall~~
21 ~~make changes from time to time in the form of the statements and~~
22 ~~the number and method of filing reports as seem to him or her best~~
23 ~~adapted to elicit from the insurers a true exhibit of their condition.~~
24 ~~The commissioner shall notify each insurer of any changes from~~
25 ~~the National Association of Insurance Commissioners' statement~~
26 ~~blanks which the commissioner has determined pursuant to this~~
27 ~~section to be appropriate.~~